How to keep your Financial Records

It is important to maintain an efficient method of bookkeeping and records management. Accounting procedures should be kept as simple as possible, consistent and regularly maintained.

All income and expenditure needs to be recorded in a Cash Receipts Register or a Cash Payments Register. The entries show the date the money was received/paid, where the money came from/went to and what it was for. This can be recorded either on a spreadsheet or in a purchased cash book.

Each register has separate columns for any regular income or expenditure e.g. memberships, donations, room hire. A sundries column in each register can be used for any income or expenditure not covered by a heading. Maintain these headings on each subsequent page.

Receipting Income

Write a receipt immediately or as soon as possible for all monies received Record the following details:

- *Date*
- *Payer*
- *Amount in words*
- *Details e.g. Donation*
- *Amount in dollars*
- *Signature (not initials) of person receiving the money*

If a receipt is damaged or has a major error, cancel it and write a new one. **Do not discard the cancelled receipt**. *If the mistake is minor, make any alteration and initial. The original receipt is handed to the payer. A receipt is written even if the payer does not want it but retained in the receipt book.*

Enter the details on the receipt into the Cash Receipts Register under the following column headings:

- *Date*
- *Received from (Name of Payer)*
- *Receipt number*
- *Amount received*
- *Amount in dollars*
- *Signature*

Then allocate the amount received across to the appropriate column.

If one amount was received but was for more than one purpose then the total received must be split into the corresponding columns, e.g. received $20 being $10 for subscriptions and $10 donations.

Receipt numbers are written in ascending order. Cancelled receipts are

recorded with "cancelled" in the 'Received From' column and a dash (-) in the 'Amount Received' column. The original and the copy must remain in the receipt book.

Bank all money as soon as possible. Do not use the money to pay any expenses. Expenditure should be paid by cheque or from Petty Cash as deemed appropriate.

Where a large amount of money may be received from a payer who has collected this money from a number of persons e.g. for a group dinner, the payer must have a detailed list of who has paid. Unless the individuals request a separate receipt, one receipt can be issued for the total amount.

When cheques are received stamp immediately 'Not Negotiable' and then bank as soon as possible. Using a bank deposit book provides a duplicate record of cheques cash banked. All cheques made out to the group should be in the full group name.

Payments by cheque or petty cash

Payments need to be made following a clear procedure and authorised by the committee for the protection of both the group and the treasurer.

Register three or four signatories with the bank with any two being required to sign a cheque. Never sign a blank cheque

All payments should be paid by cheque with smaller amounts being paid from Petty Cash.

Ensure the invoice/statement is accurate, prepare and either attach a payment voucher to present to the committee for payment or organise a stamp with space for initials of authorising officers. The voucher must be signed by the authorised signatories before paying the invoice.

The invoice/statement with the payment voucher should be filed in cheque number descending order (ie the most recent payment on top). A list of 'Accounts to be Paid' should be tabled at every committee meeting.

If a cheque is damaged or a major mistake is made, cancel it and write a new one. **Do not discard the cancelled cheque**. If the mistake is minor, make the necessary alteration and both signatories initial the changes.

Clearly enter the following details onto the cheque butt:
- Date
- Payees name
- What the payment is for
- Amount paid
- Cheque amount

Enter the cheque butt details into the Cash Payments Register under the appropriate headings:
- Date paid
- Name of payee
- Cheque number
- Cheque Amount

Cheque numbers are written into the Cash Payment Book in ascending order.

For cancelled cheques write the word "Cancelled" in the 'Paid to' column, then the cheque number and a dash (-) in the amount column. The original cancelled cheque remains in the cheque book at all times.

Petty Cash

It is sometimes impractical to pay for small expenditures like stamps, taxi fares etc. by cheque. To overcome this, a Petty Cash system is used.

A cash cheque is drawn, for a small amount. This is called the 'float'. The cash is held by a single custodian in a small cash tin which can be locked. Every time a small expenditure or reimbursement is made, a petty cash voucher is created and the receipt(s) are stapled to the voucher.

The person who has spent the money is reimbursed from the petty cash. The petty cash voucher is to be signed by the recipient of the cash. This information is then recorded in the Petty Cash Book.

When the cash in the Petty Cash box is low, then a cheque is drawn for the correct amount to return the float to its original figure. All voucher details are recorded into the Petty Cash Register together with the cheque details. Balances are reconciled ready for the next period of petty cash transactions. The float can be increased or decreased depending on the groups' requirements.

Balancing (Reconciling) the registers

Before balancing at the end of the month record into the registers any credits or debits that appear on the bank statement and have not been accounted for. Clearly identify the details of the credit/debit i.e. Interest, Bank Fees and record the amount and description into the appropriate register.

Total all columns at least once a month. All columns, when added, must be equal to the amount of the "Amount Received' or 'Cheque Amount' column.

Try and resolve any queries as soon as they are encountered.

Financial Controls

The extent of accounting and financial controls that should exist will depend on the size of the group or association. There are, however, some basic requirements that should be applied to all.

- All monies received should be banked as soon as possible. The money may not be covered by insurance if not banked the next working day.
- All payments should be made by cheque.
- Small payments should be made through a petty cash system.
- All monies received should be receipted.
- No less than two committee members should sign all cheques, and all invoices are to be paid only after proper authorization has been received. These details must be recorded on the payment voucher and attached to the creditors invoice/ statement.
- Bank reconciliation's should be done at least once each month and for every committee meeting.

INFORMATION SHEET